

August 1, 2017
Anthem Blue Cross
California Individual Market Plan Participation for 2018
Questions and Answers

Why is Anthem withdrawing from the exchanges in California?

While Anthem is reducing its 2018 Individual plan offerings in California, it is not withdrawing from the exchanges. We are pleased to be participating in three key areas that will help ensure Californians in those regions have access to health plans.

As Anthem has stated for some time, we will continue to be surgical in our approach to making decisions about where we can remain in the market with attractive and affordable coverage options. A stable insurance market is dependent on products that create value for consumers through the broad spreading of risk and a known set of conditions upon which rates can be developed. Planning and pricing for ACA-compliant health plans has become increasingly difficult due to the shrinking individual market as well as continual changes in federal and state operations, rules and guidance.

We are pleased that some steps have been taken to address the long term challenges all health plans serving the individual market are facing. However, the Individual market remains volatile and the restoration of taxes on fully insured coverage and, an increasing lack of overall predictability simply does not provide a sustainable path forward to provide affordable plan choices for all California consumers.

If CSR funding is restored – or if healthcare reform passes in Washington – will Anthem considering refiling to participate?

Our commitment is to ensure we are able to provide consumers with access to affordable health plan choices. When any legislative or regulatory changes are made that impact our business, we carefully review them to determine how they will impact our members and operations. As the marketplace continues to evolve and adjust to changing regulatory requirements and marketplace conditions, we will reevaluate whether a more robust presence in the exchange is appropriate in the future.

Do members enrolled in your Individual health plans need to pick another plan right now?

It's important to note this does not impact the benefits of members currently enrolled in our Individual health plans. They can use their health benefits without interruption until the end of the year. Affected members will receive a letter in the mail that will include a "formal notification" that their current plans will end at the end of 2017. Additional information and resources for members affected by changes to their 2018 health care coverage are available at Anthem.com/CaliforniaChanges, where we will also provide some guidance on what to do during open enrollment.

How and when will members who are currently enrolled in an on-exchange plan be notified?

Affected members who currently have an on-exchange plan with Anthem will need to make a change if they want to have coverage beginning in January 2018. They will receive notice informing them of the changes and options that will be available to them in 2018. Members can use their health plan benefits without interruption until December 31, 2017. Additional information and resources for members affected by changes to their 2018 health care coverage are available at Anthem.com/CaliforniaChanges.

What Individual products will Anthem offer?

On-exchange and off-exchange EPO plans at all metal levels will be offered in three regions of Northern California: Redding, Santa Clara County, and Stockton/Modesto. This decision does not affect those who have employer based insurance or individuals enrolled in “grandfathered” plans (plans purchased before March 2010). Additional information and resources for members affected by changes to their 2018 health care coverage are available at Anthem.com/CaliforniaChanges.

Will these plans be less expensive than what is currently available off exchange?

Rates for on- and off-exchange mirror plans will be identical. There will be some variation in the non-mirror off-exchange plans, however, rate differentials will vary by plan and location.

What is Anthem doing to improve affordability of health care for its consumers?

Anthem is working to hold down the cost of insurance through, innovative, value-based, partnerships with physicians, hospitals and other providers and, by providing members with tools that allow them to make informed decisions about their health and health care. Despite these concerted efforts, and helpful regulatory improvements in areas such as risk adjustment and special enrollment periods, the Individual market remains volatile, uncertain and simply does not provide a sustainable path forward to provide affordable plan choices for consumers. Anthem will continue to advocate solutions that will stabilize the market to allow us to expand coverage options for Californians in the future.

Will Anthem return to the exchange market?

As the marketplace continues to evolve and adjust to changing regulatory requirements and marketplace conditions, we will reevaluate whether a more robust presence in the exchange is appropriate in the future. Anthem will continue to advocate solutions that will stabilize the market to allow us to expand coverage options for Californians in the future.

If an Anthem member receives their benefits from their employer, do they need to do anything?

The changes to our Individual products only impact those individuals who purchase our health plans on their own. If a member receives their health insurance benefits from their employer this does not impact their health benefits.

Why did Anthem decide to pull out of most of California’s individual ACA markets when its competitors decided to remain with only moderate rate increases?

It is not Anthem’s place to comment on the financial viability of other insurers’ decisions to participate in the markets and at what costs, both to them and to their members. Given the volatility of the marketplace it’s difficult to predict the financial viability of the ACA-compliant product offerings.

There are multiple factors needed to ensure we see a visible path towards sustainability, especially when coupled with the added uncertainty of CSR funding, which diminish the benefits of risk adjustment payments. We are focused on participating in only those markets which are on a visible path toward sustainability going forward, including factors like the expected financial performance, regulatory environment, and underlying market characteristics. We are pleased to be participating in key areas that will help ensure Californians in those regions have access to health plans.

Does this decision provide evidence in support of proposals for California to enact a single-payer system?

The creation of a single-payer system would not address the underlying problems in the health care system which have led to the rate and participation decisions being made across California’s individual market. In addition, moving to a single-payer system would not only impact the individual market, but would disrupt the existing coverage for all Californians – many of whom are happy with their current plans – and would result in more limited access to medical services.

What impact does this decision have on Anthem’s contract with Medi-Cal?

There is no link between Medi-Cal and the individual market, and Anthem's decision will not hinder our ability to continue to serve Medi-Cal. Anthem is one of Medi-Cal’s largest insurers, has served its members well over many decades, and will continue to do so.

Did Anthem make a deal with Covered California that ultimately led to this decision?

Anthem has a strong relationship with Covered California, and has been in an active dialogue with them to promote our shared goal of ensuring attractive, affordable plans are available across California. Ultimately, the difficult decision to offer 2018 Individual plans in three regions in Northern California was made by Anthem because of the ongoing volatility in the Individual market. There is an increasing lack of overall predictability that simply does not provide a sustainable path forward to provide affordable plan choices for all California consumers. We will continue to work closely with Covered California as we make decisions that affect consumers in California.

How did Anthem ultimately decide to only offer on-exchange plans in these three specific regions in California?

We are pleased to be participating in three key areas that will help ensure Californians in those regions have access to health plans. Our goal is to offer attractive, affordable plans across

California. But based on the environment of the current Individual market, we had to make the difficult decision to limit our plan offerings to three regions. We are pleased to be participating in three key areas that will help ensure Californians in those regions have access to health plans.

As Anthem has stated for some time, we will continue to be surgical in our approach to making decisions about where we can remain in the market with attractive and affordable coverage options. While we will not get into the specifics of every business decision we make in California and across the country, which take into account a wide range of factors, the competitive coverage options available in the other regions of the state was one notable factor in California.

Locally, the individual market has been shrinking, and continual changes in federal operations, rules and guidance have made it increasingly difficult for Anthem to plan and price for ACA-compliant health plans here in California and across the country.

Consumers remain the focus of the decisions we make about where we offer affordable health plans in California, both on-exchange and off-exchange. As the Individual marketplace continues to evolve, Anthem will continue to advocate solutions that will stabilize the market to allow us to return to a more robust presence in the future.

Are Anthem's Medicare Advantage or Medicare Supplemental plans impacted?

No. The changes impact only our under-65 Individual products. This decision does not impact our Medicare Advantage and Medicare Supplemental plans.

How will this change impact members who are enrolled in Anthem's dental, vision or life benefits?

There is no change to these products. Anthem will continue to offer dental, vision and life products to individual consumers. Members who have dental and/or vision benefits with us will get renewal details in the fall.

Will Anthem continue to offer dental, vision and life benefits to individual consumers?

Yes, at this time Anthem intends to continue to offer dental, vision and life benefits to individual consumers.